

**AVONDALE
VOLUNTEER FIRE COMPANY, INC . (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7
OF JEFFERSON PARISH - AVONDALE DIVISION**

**ANNUAL FINANCIAL REPORT
Year Ended December 31, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/2/10

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FINANCIAL SECTION

Paul C. Rivera, CPA

INDEPENDENT AUDITOR'S REPORT

To the President and Board of
Avondale Volunteer Fire Company, Inc. (AVF)
Avondale, Louisiana

I have audited the accompanying financial statements of the governmental activities and each major fund (i.e., the General Fund) of Avondale Volunteer Fire Company, Inc. ("AVF"), a non-profit entity d/b/a Fire Protection District No. 7 of Jefferson Parish - Avondale Division, as of and for the year ended December 31, 2009, which collectively comprise AVF's basic financial statements as listed in the table of contents. These financial statements are the responsibility of AVF's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of AVF as of December 31, 2009 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated April 17, 2010, on my consideration of AVF's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In addition, the individual fund statements and schedules and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Paul C. Gine, CPA
April 17, 2010

AVONDALE VOLUNTEER FIRE COMPANY, INC.
500 SOUTH JAMIE BLVD.
AVONDALE, LA 70094

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Avondale Volunteer Fire Company, Inc. ("AVF"), a non-profit entity d/b/a Fire Protection District No. 7 of Jefferson Parish – Avondale Division, we offer readers of AVF'S financial statements this narrative overview and analysis of the financial activities of AVF for the fiscal year ended December 31, 2009.

We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- The assets of AVF exceeded its liabilities at the close of the most recent fiscal year by \$342,649 (*net assets*). Of this amount, \$181,153 or 52.9 percent is invested in capital assets, such as vehicles and equipment. The remaining balance of \$161,496 (*unrestricted net assets*) or 47.1 percent may be used to meet the government's ongoing obligations to citizens and creditors.
- AVF'S total net assets decreased by \$(100,883) or 22.7 percent during the current year because the net program expenses exceeded the general revenues by that amount.
- As of the close of the current fiscal year, AVF'S governmental fund (the General Fund) reported ending fund balance of \$161,496, a decrease of \$(30,667) or 15.9 percent in comparison with the prior year. Approximately \$161,496 or 100.0 percent of this total amount is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$161,496 or 24.7 percent of total general fund expenditures. This compares to 26.2 percent last year.
- AVF'S had no outstanding long-term debt at June 30, 2009.
- Hurricanes Gustav and Ike struck the area serviced by AVF in September 2008. AVF has collected all of its claims for reimbursement from FEMA for emergency related overtime and equipment usage.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to AVF'S basic financial statements. As noted above, AVF'S adoption of GASB Statement No. 34 significantly changed the format and presentation of AVF'S financial report. AVF'S basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The "government-wide financial statements" are designed to provide readers with a broad overview of AVF'S finances, in a manner similar to a private-sector business.

The "Statement of Net Assets" presents information on all of AVF'S assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of AVF is improving or deteriorating.

The "Statement of Activities" presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements are designed to distinguish functions of AVF that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). It should be noted that AVF only has governmental activities.

The government-wide financial statements include only the financial activities of AVF, which include the activity of all AVF cash and savings accounts.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund financial statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. AVF, because it is a "quasi-public" entity, uses fund accounting like state and local governments to ensure and demonstrate compliance with finance-related legal requirements.

AVF'S funds can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds. As discussed below, AVF only presents governmental funds.

Governmental funds. “Governmental funds” are used to account for essentially the same functions reported as “governmental activities” in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for “governmental funds” with similar information presented for “governmental activities” in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between “governmental fund” and “governmental activities”.

AVF maintains only one fund (the General Fund). Information is presented in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General fund.

AVF is a “quasi-public” entity and is not required to adopt an annual budget. Thus, a budgetary comparison statement is not shown.

The basic governmental fund financial statements can be found on pages 14 to 19 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 29 of this report.

Other information. Individual fund statements and schedules, which show additional detailed financial information on the General Fund, are found on pages 32 and 33.

Supplemental information. Supplemental Information, which includes the Schedule of Expenditures of Federal Funds, is found on page 36.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of AVF, assets exceeded liabilities by \$342,649 at December 31, 2009.

A large portion of AVF'S net assets (52.9 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, vehicles and heavy equipment); less any related debt used to acquire those assets that is still outstanding. AVF used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although AVF'S investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

AVONDALE VOLUNTEER FIRE COMPANY, INC. STATEMENTS OF NET ASSETS

	Governmental Activities 2009		Governmental Activities 2008	
Current and other assets	\$ 161,380		\$ 192,825	
Capital assets	181,153		251,369	
Total Assets	342,533		444,194	
Long-term liabilities outstanding	-		-	
Other liabilities	(116)		662	
Total Liabilities	(116)		662	
Net Assets:				
Invested in capital assets, net of related debt	181,153	52.9%	251,369	56.7%
Restricted	-	0.0%	-	0.0%
Unrestricted	161,496	47.1%	192,163	43.3%
Total Net Assets	\$ 342,649		\$ 443,532	

The balance of *unrestricted net assets* (\$161,496 or 47.1 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At December 31, 2009, AVF is able to report positive fund balances in all three categories of net assets.

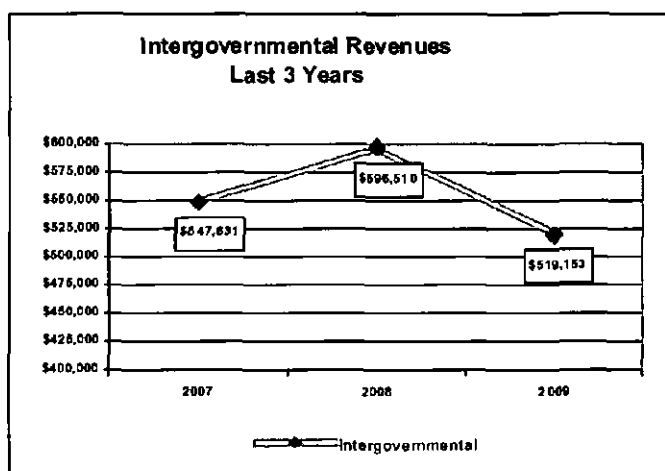
AVF'S net assets decreased by \$(100,883) during the current fiscal year.

Governmental Activities. Governmental activities decreased AVF'S net assets by \$(100,883) or 22.7 percent. Key elements of this decrease are as follows:

AVONDALE VOLUNTEER FIRE COMPANY, INC.
STATEMENTS OF ACTIVITIES

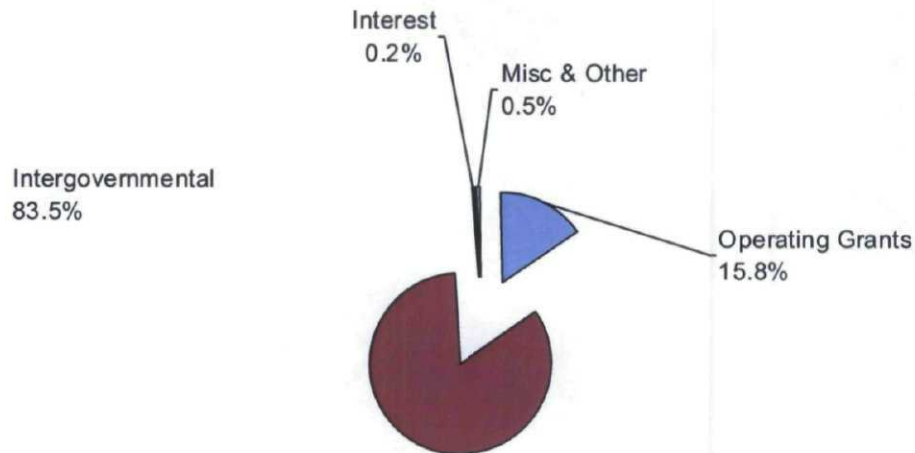
	Governmental Activities		Governmental Activities	
	2009		2008	
Revenues:				
Program revenues:				
Charges for services	\$ -	0.0%	\$ -	0.0%
Operating grants and contributions	1,632	0.3%	43,782	6.6%
Capital grants and contributions	96,808	15.6%	-	0.0%
General revenues:				
Intergovernmental	519,153	83.5%	596,510	90.1%
Unrestricted interest	1,500	0.2%	4,009	0.6%
Unrestricted gifts and donations	1,000	0.2%	-	0.0%
Miscellaneous	1,913	0.3%	17,966	2.7%
Total revenues	622,006	100.0%	662,267	106.5%
Expenses:				
Public Safety	722,889	100.0%	795,953	100.0%
Total expenses	722,889	100.0%	795,953	100.0%
Increase in net assets	(100,883)		(133,686)	
Net assets - Beginning of year	443,532		577,218	
Net assets - end of year	\$ 342,649		\$ 443,532	

- Operating grants of \$1,632 in 2009 and \$43,782 in 2008 relate to FEMA public assistance grants for Hurricanes Katrina (in 2005), Gustav (in 2008) and Ike (in 2008). These reimbursements are for overtime and equipment usage. The capital grant of \$96,808 in 2009 is for an Office of Homeland Security – Assistance to Firefighters grant. This grant was used to purchase various firefighting supplies and equipment.
- Intergovernmental revenues come from the Parish of Jefferson and the State. The Parish levies an ad valorem tax in the District and remits a certain amount to AVF each month to provide funding to the Fire District. This allocation came in at \$504,000 for 2009, which is \$(48,000) less than the prior year. Finally, the State provided \$15,153 to AVF for fire insurance rebates.
- Miscellaneous income of \$1,913 was made up of various items and was \$(16,053) less than last year. Last year, the primary items were an \$8,714 dividend on the workers compensation plan and \$7,609 in insurance claims for Gustav. These did not recur in 2009.



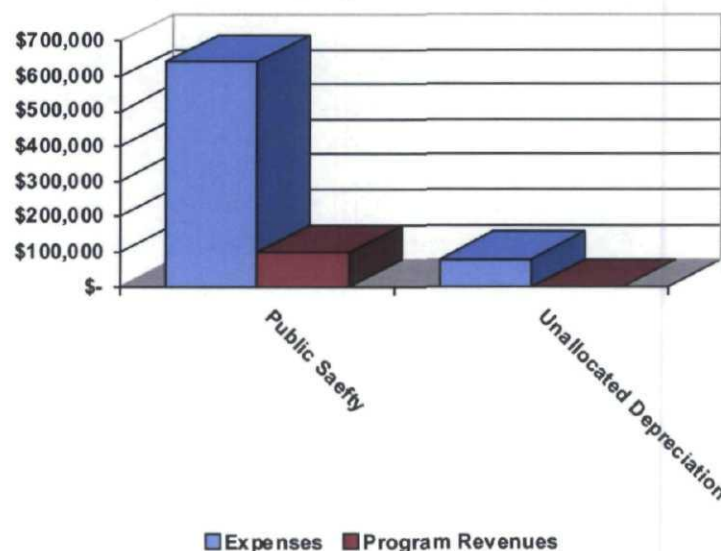
- A breakdown of the revenues received by AVF'S governmental activities is as follows:

Revenues by Source - Governmental Activities



Expenses totaled \$722,889, including current year depreciation of \$78,533. This is a decrease of \$(73,064) over the prior year. As a fire district, the only function AVF provides is the public safety function. The main changes were seen in personnel and related costs (down \$35,456), general and administrative costs (down \$17,215), firefighting costs (up \$95,452), station expenses (down \$74,614), and vehicle expenses (down \$26,821). Salaries were up down due to the non-recurrence of hurricane-related overtime from the prior year. General administrative costs were down primarily because of a drop in auto insurance, as AVF switched insurance carriers. Firefighting costs were up mainly due to purchases made under the firefighting assistance grant. Station expenses were down due to the non-recurrence of hurricane related costs in the prior year. Vehicle expenses were up due to a drop in the cost of gasoline and repairs to various trucks. These expenses of AVF were offset by program revenues – operating grants of \$1,632 and capital grants of \$96,808, leaving a net revenue (cost) to citizens of AVF of \$(624,449). A graph comparing the expenses with the program revenue generated is presented below.

Expenses and Program Revenues by Function/Bureau



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, AVF uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of AVF'S "governmental funds" is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing AVF'S financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

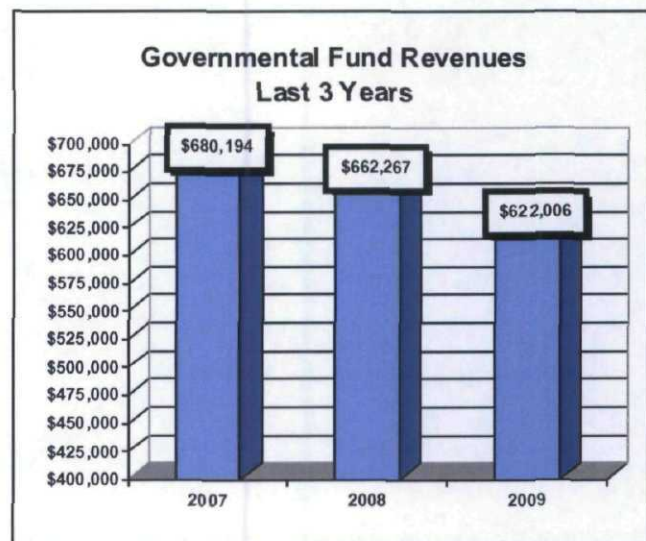
As of December 31, 2009, AVF'S governmental fund (i.e., the General Fund) reported ending fund balance of \$161,496, a decrease of \$(30,667) or 15.9 percent in comparison with the prior year. Approximately \$161,496 or 100.0 percent of this total constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

As noted above, the governmental funds include the general operating funds of AVF (i.e., the General Fund). Overall, as the graph shows, Governmental Fund revenues have decreased slightly each of the last three years. The decreases are seen in intergovernmental grants (FEMA reimbursements and Fire Fighting Grants). Because of the small size of the operating fund, operating and capital grants can create large swings in revenues when recognized.

As a measure of the General fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 24.7 percent of total general fund expenditures. This compares to 26.2 percent last year.

The fund balance of AVF'S General fund decreased by \$(30,667) during the current fiscal year. Key factors in this change are as follows:

- The General Fund's revenues totaled \$622,006 while expenditures totaled \$652,673.
- Revenues decreased by \$(40,261) from the prior year, mainly because of:
 - Federal grants were up \$54,658 – the net of an increase of \$96,808 from the OHS – Firefighter grant offset by a drop in FEMA reimbursements (Gustav and Ike) of \$(42,150).
 - Intergovernmental allocation (i.e., Property taxes) totaled \$504,000, which is down \$(48,000) from the \$552,000 recognized last year. The Parish's contribution for the capital purchases in 2008 did not recur in 2009, thus, there was a decrease of \$(29,689) on this line-item. The State Fire Insurance Rebate totaled \$15,153 (up \$332).
 - Miscellaneous income was down \$(16,053) as proceeds for insurance for damaged buildings (\$7,069) and a dividend from the workers compensation plan (\$8,714) recognized in 2008 did not recur in 2009.



- Expenditures totaled \$652,673, a decrease of \$(81,894) or 11.1 percent compared to the prior year.
 - Salaries and related costs decreased by \$(35,456) due to hurricane-related overtime in 2008 not recurring in 2009,
 - General and administrative costs were down nearly \$(17,215) due to decreases in auto insurance (down \$10,161) and travel and conventions (down \$5,593),
 - Firefighting costs and supplies were up \$95,452 due to purchases made under the firefighters assistance grant,
 - Station expenses were down \$(74,614) due to decreases in station repairs and maintenance of \$(33,894) and hurricane-related costs of \$(31,998) related to Gustav and Ike,
 - Vehicle expenses were down \$(26,821) due to a drop in vehicle repairs and maintenance of \$(19,292) and a drop of \$(7,529) in gas and oil,
 - Capital outlays were down \$(23,240) due to the purchase of a new truck in 2008.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. AVF'S investment in capital assets for its governmental activities as of December 31, 2009 amounts to \$181,153 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, furniture and fixtures, heavy equipment, and vehicles. AVF'S investment in capital assets decreased by \$(70,216) or 27.9 percent this year.

Major capital asset events during the current fiscal year included the following:

- \$3,463 was spent on furniture and fixtures (a new A/C, a new printer and a new lawnmower were purchased).
- \$4,854 was spent on Ferrera DS-1722 for the fire truck.
- \$78,533 was recognized as depreciation expense.

AVONDALE VOLUNTEER FIRE COMPANY, INC. CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities	Governmental Activities
	2009	2008
Land	\$ 8,834	\$ 8,834
Buildings	-	-
Furniture and fixtures	2,932	1,895
Vehicles and firefighting equipment	169,387	240,640
Total	<u>\$ 181,153</u>	<u>\$ 251,369</u>

Additional information on AVF'S capital assets can be found in Note D.2 on page 27.

Long-term Debt. At the end of 2009, AVF had total outstanding debt of \$-0-.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

- The unemployment rate for the Parish of Jefferson is currently 6.9 percent, which is 1.3 percent higher than it was a year ago as the national recession is now being felt in the area.
- Inflationary trends in the region compare favorably to national indices.
- The ad valorem millage rate levied for the 2009 (next year's) tax roll was 22.26 mills (19.74 operating and 2.52 bond). This rate decreased 0.09 mills.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of AVF'S finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Avondale Volunteer Fire Company, Inc., President, 500 S. Jamie Blvd. Avondale, LA 70094.

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BASIC FINANCIAL STATEMENTS

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH
AVONDALE DIVISION

STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	GOVERNMENTAL ACTIVITIES
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 161,380
Investments	-
Receivables (net of allowance for uncollectibles)	-
Other assets	-
Capital assets (net of accumulated depreciation)	
Land	8,834
Buildings	-
Furniture and fixtures	2,932
Vehicles and firefighting equipment	169,387
TOTAL ASSETS	<hr/> 342,533 <hr/>
LIABILITIES	
Accounts payable and other current liabilities	452
Accrued payroll and deductions	(568)
Deferred revenue	-
Noncurrent liabilities:	
Due within one year	-
Due in more than one year	-
TOTAL LIABILITIES	<hr/> (116) <hr/>
NET ASSETS	
Invested in capital assets, net of related debt	181,153
Restricted for:	
Debt service	-
Other	-
Unrestricted	161,496
TOTAL NET ASSETS	<hr/> \$ 342,649 <hr/>

The accompanying notes are an integral part of this statement.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH
AVONDALE DIVISION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

FOR THE YEAR ENDED DECEMBER 31, 2009

FUNCTION	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Primary Government					
Governmental Activities:					
Public Safety	\$ 644,356	\$ -	\$ 1,632	\$ 96,808	\$ (545,916)
Unallocated depreciation expense	78,533	-	-	-	(78,533)
Interest on long-term debt	-	-	-	-	-
Total governmental activities	<u>\$ 722,889</u>	<u>\$ -</u>	<u>\$ 1,632</u>	<u>\$ 96,808</u>	<u>(624,449)</u>
GENERAL REVENUES:					
					504,000
					-
					15,153
					1,500
					-
					1,000
					1,913
TRANSFERS IN (OUT)					
					-
TOTAL GENERAL REVENUE AND TRANSFERS					<u>523,566</u>
CHANGE IN NET ASSETS					(100,883)
NET ASSETS					
					443,532
					<u>\$ 342,649</u>

The accompanying notes are an integral part of this statement.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH
AVONDALE DIVISION

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2009

	<u>General Fund</u>
ASSETS	
Cash and Certificates of Deposit	\$ 161,380
Accounts Receivable	-
Prepaid items	-
TOTAL ASSETS	<u><u>\$ 161,380</u></u>
LIABILITIES, EQUITY & OTHER CREDITS	
Liabilities:	
Accounts payable	\$ 452
Premiums payable	-
Salaries and related taxes payable	(568)
Total Liabilities	<u>(116)</u>
Equity & Other Credits:	
Fund Balance	
Unreserved, undesignated	161,496
Total Equity & Other Credits	<u>161,496</u>
TOTAL LIABILITIES, EQUITY & OTHER CREDITS	<u><u>\$ 161,380</u></u>

The accompanying notes are an integral part of this statement.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH
AVONDALE DIVISION**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Amounts reported for governmental activities in the Statement of Net Assets (page 14) are different because:

Total Fund Balances at December 31, 2009 - Governmental Funds (page 16)	\$	161,496
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,057,373 and the accumulated depreciation is \$876,220.		181,153
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:		
Capital lease payable		-
Total Net Assets of Governmental Activities at December 31, 2009 (page 14)	\$	<u>342,649</u>

The accompanying notes are an integral part of this statement.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH
AVONDALE DIVISION

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General Fund</u>
REVENUES	
Intergovernmental	\$ 617,593
Service charges and reimbursements	-
Donations and gifts	1,000
Interest	1,500
Miscellaneous	1,913
TOTAL REVENUES	<u>622,006</u>
EXPENDITURES	
Current	
Public Safety	
Personnel and related costs	468,468
General and administrative costs	41,604
Firefighting costs and supplies	100,049
Station Expenses	23,357
Vehicle Expenses	10,878
Capital outlay	8,317
Debt Service	
Principal	-
Interest	-
TOTAL EXPENDITURES	<u>652,673</u>
EXCESS OF REVENUES OVER EXPENDITURES	(30,667)
OTHER FINANCING SOURCES	
Capital lease	-
Loan proceeds	-
EXCESS (DEFICIENCY) OF REVENUES AND	
OTHER FINANCING SOURCES OVER EXPENDITURES	<u>(30,667)</u>
FUND BALANCE	
Beginning of year	192,163
End of year	<u>\$ 161,496</u>

The accompanying notes are an integral part of this statement.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH
AVONDALE DIVISION**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Amounts reported for governmental activities in the Statement of Activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 18)	\$	(30,667)
------------------------------------------------------------------	----	----------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(70,216)
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	----------

Change in net assets of governmental activities (page 15)	<u>\$</u>	<u>(100,883)</u>
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The accompanying notes are an integral part of this statement.

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AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -
AVONDALE DIVISION

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Avondale Fire Company, Inc. ("AVF"), a non-profit entity d/b/a Fire Protection District No. 7 of Jefferson Parish - Avondale Division, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units under the legal premise that AVF is a "quasi-public" corporation. Quasi-public corporations are non-profit or private companies who are created to perform a public service and which receive the majority of their funding from public funds (i.e., taxes, grants, etc.). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of AVF's accounting policies are described below.

1. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as legally separate organizations for which the elected officials of a primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Fire District No.7 of Jefferson Parish (the "District") was created by Parish Ordinance to provide fire protection services to the citizens of the District and the surrounding area. The District is serviced by five separate fire companies/divisions, each receiving a pro-rata share of the District's revenues. The District is currently funded by a 25 mill ad valorem tax levied by the District via the Parish Council and is governed by the same Council that governs the Parish. As such, the District is reported as a component unit within the Parish's financial statements.

Under a cooperative endeavor agreement, the daily operations of the District's Avondale Division are contracted out to Avondale Volunteer Fire Company, Inc. ("AVF"). AVF was incorporated as a non-profit service corporation under Section 501(c)(3) of the Internal Revenue Code. AVF has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provide in Section 170(b)(1)(A)(vi). AVF is governed by a President and a Board of Directors which are elected by the membership. The accompanying statements report transactions related only to those of AVF.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -
AVONDALE DIVISION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of AVF. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Because of the nature of AVF's operations, AVF reports only governmental activities.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Funds are used by AVF to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The funds of AVF are classified into the "governmental" category. The category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all financial activities of the general government not accounted for in some other fund.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -
AVONDALE DIVISION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AVF reports the following major governmental funds:

The *General Fund* is the general operating fund of AVF. It is used to account for all financial resources and expenditures. It includes the activity of the "private" account, as well as the "public funds" account.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using a *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Intergovernmental revenues received from the Parish in connection with the cooperative endeavor agreement are recognized in the year to be benefitted. All other service charges and intergovernmental revenues are recognized as received. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recognized as expenditures only when payment is due.

4. Budgets

As a quasi-public corporation, AVF is not required to adopt a budget, therefore, a budget to actual statement is not presented in the accompanying financial statements. An informal budget is adopted for internal purposes for the General Fund.

5. Assets, Liabilities, and Net Assets or Equity

A. *Cash and Investments*

For reporting purposes, cash and cash equivalents includes amounts in demand deposits, time deposits, and certificates of deposit.

Investments, if any, are stated at fair value, except for investments in government securities with maturities less than 1 year, which are stated at cost or amortized cost.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -
AVONDALE DIVISION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Inventories

The cost of materials and supplies acquired by AVF are recorded as expenditures at the time of purchase. It is management's opinion that the inventory of such materials and supplies at December 31, 2009 would not be material to the financial statements.

C. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by AVF as assets with an initial, individual cost of more than \$100 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and are included in construction in progress. The levees and breakwaters are divided into reaches and are capitalized as such. Any major "lifts" or improvements to an existing levee/reach is capitalized as an addition to that levee/reach.

Property, plant, equipment, and infrastructure is depreciated using the straight-line method (with a mid-year convention) over the following estimated useful lives:

<u>Asset Category</u>	<u>Useful Life in Years</u>
Buildings and improvements	20
Furniture and fixtures	3 to 5
Vehicles and heavy equipment	3 to 20

D. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designated fund balances represent tentative plans for future use of financial resources that are subject to change.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -
AVONDALE DIVISION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2009

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$(61,386) difference are as follows:

Capital outlay	\$ 8,317
Depreciation expense	<u>(78,533)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	<u>\$ (70,216)</u>

NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Compliance with Cooperative Endeavor Agreement

As a quasi-public corporation, AVF is not subject to all of the general statutes governing political subdivisions and other governments within the State of Louisiana. Instead, AVF must comply with the terms and conditions of the cooperative endeavor agreement it has with the Parish of Jefferson. As of December 31, 2009, AVF was in compliance with all of the significant conditions of the agreement.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -
AVONDALE DIVISION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2009

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

1. Deposits with Financial Institutions and Investments

Deposits with Financial Institutions

At December 31, 2009, deposits with financial institutions consisted of the following:

	Cash	Certificates of Deposit	Other	Total
Book Value of Deposits in Banks	<u>\$ 101,843</u>	<u>\$ 59,537</u>	<u>\$ 0</u>	<u>\$ 161,380</u>
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
A. Uninsured and uncollateralized	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
B. Uninsured and collateralized with securities held by pledging institution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
C. Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Bank Balances Exposed to Custodial Credit Risk	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Bank Balances - All Deposits	<u>\$ 111,015</u>	<u>\$ 59,537</u>	<u>\$ 0</u>	<u>\$ 170,552</u>

Investments

AVF had no investments during the year.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -
AVONDALE DIVISION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

2. Capital Assets

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance December 31, 2008	Additions	Deletions	Transfers	Balance December 31, 2009
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 8,834	\$ 0	\$ 0	\$ 0	\$ 8,834
Total capital assets, not being depreciated	\$ 8,834	\$ 0	\$ 0	\$ 0	\$ 8,834
Capital assets, being depreciated					
Buildings	\$ 53,496	\$ 0	\$ 0	\$ 0	\$ 53,496
Furniture and fixtures	29,424	3,463	0	0	32,887
Vehicles and heavy equipment	957,302	4,854	0	0	962,156
Total capital assets, being depreciated	1,040,222	8,317	0	0	1,048,539
Less accumulated depreciation for:					
Buildings	(53,496)	0	0	0	(53,496)
Furniture and fixtures	(27,529)	(2,426)	0	0	(29,955)
Vehicles and heavy equipment	(716,662)	(76,107)	0	0	(792,769)
Total accumulated depreciation	(797,687)	(78,533)	0	0	(876,220)
Total capital assets being depreciated, net	\$ 242,535	\$ (70,216)	\$ 0	\$ 0	\$ 172,319
Total governmental activities capital assets, net	\$ 251,369	\$ (70,216)	\$ 0	\$ 0	\$ 181,153

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -
AVONDALE DIVISION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

NOTE E - ECONOMIC DEPENDENCE

The Parish Council levies a 25 mill ad valorem tax to finance the operations of Fire Protection District No. 7. The Parish in turn contracts with local volunteer fire companies to provide fire protection services on a daily basis. AVF is one of five fire companies operating in Fire Protection District No. 7. Each fire company receives on a monthly basis, 1/12th of the currently budgeted revenues expected to be collected from the 25 mill tax.

During 2009, the remittance to AVF for operations totaled \$504,000 or 81.0 percent of its total revenues.

NOTE F - COMMITMENTS AND CONTINGENCIES

1. Risk Management

AVF is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; and natural disasters. To protect against these risks of loss, the District purchases various types of insurance from commercial carriers (some directly and some through the Parish of Jefferson). In each policy, AVF is responsible for the deductible.

2. Litigation

There is no litigation pending against AVF at December 31, 2009.

NOTE G - OTHER INFORMATION

1. Retirement

AVF's employees are members of the Social Security System. In addition to the employee contribution withheld at 7.65 per cent, AVF contributes an equal amount to the System. Aggregate pension costs for the year is \$26,913. AVF does not guarantee the benefits granted by the Social Security System.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -
AVONDALE DIVISION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2009

NOTE G - OTHER INFORMATION (CONTINUED)

2. Hurricanes Gustav and Ike

On August 29, 2008, Hurricane Gustav struck the New Orleans Metropolitan area, which includes Jefferson Parish and the area serviced by AVF. While the Parish was spared from a direct hit, there was wind and water damage in scattered areas throughout the area. On September 11, 2008, Hurricane Ike grazed the area.

After the hurricanes, AVF incurred expenses for overtime, emergency repairs, debris removal, etc., most of which was reimbursed by the Federal Emergency Management Agency (FEMA). A receivable for eligible claims totals \$35,954 was booked at December 31, 2008. This amount was collected in 2009. AVF considers all expenditures eligible for reimbursement under the public assistance program, however, the costs are subject to future audit by the granting agency.

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INDIVIDUAL FUND STATEMENTS AND SCHEDULES

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH
AVONDALE DIVISION

GOVERNMENTAL FUNDS - GENERAL FUND
DETAILED SCHEDULE OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General Fund</u>
Intergovernmental	
Federal	
OHS - Firefighters Assistance Grants	\$ 96,808
FEMA Public Assistance	1,632
Jefferson Parish contract:	
Direct payments - ad valorem taxes	504,000
Direct payments - fire truck subsidy	-
State	
Fire Insurance Rebate	15,153
	<u>617,593</u>
Service charges and reimbursements	
Vending/ice sales	-
	<u>-</u>
Donations and gifts	
Others	1,000
	<u>1,000</u>
Interest	<u>1,500</u>
Miscellaneous	
Insurance proceeds	-
Sales of equipment	-
Dues	-
Other	1,913
	<u>1,913</u>
TOTAL REVENUES	<u><u>\$ 622,006</u></u>

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH
AVONDALE DIVISION

GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General Fund</u>
Public Safety	
Current	
Personnel and related costs	
Salaries	\$ 307,730
Payroll taxes	26,913
Health insurance	87,083
Unemployment insurance	73
Workmens' compensation	45,677
Uniforms and shirts	992
	<u>468,468</u>
General and administrative costs	
Accounting and legal	3,000
Insurance - auto	6,969
Insurance - general and liability	15,563
Membership dues	319
Miscellaneous	7,431
Office and computer supplies	3,309
Professional services - other	-
Telephone	2,127
Travel and conventions	2,886
	<u>41,604</u>
Firefighting costs and supplies	
Apparel	-
Dues	143
Firefighting supplies	99,246
Maintenance - radios & equipment	510
Training	150
Emergency supplies	-
	<u>100,049</u>
Station Expenses	
R & M - buildings	7,579
Hurricane related costs	550
Station supplies	2,315
Utilities	12,913
	<u>23,357</u>
Vehicle Expenses	
Gas and oil	5,232
R & M - vehicles	5,646
	<u>10,878</u>
Miscellaneous	
Gifts, flowers, and donations	-
Other	-
	<u>-</u>
Capital outlay	
Buildings and grounds	-
Furniture and fixtures	737
Vehicles and rescue equipment	7,580
	<u>8,317</u>
TOTAL CURRENT	<u>652,673</u>
Debt Service	
Principal	-
Interest	-
TOTAL DEBT SERVICE	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 652,673</u>

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SUPPLEMENTAL INFORMATION

**AVONDALE VOLUNTEER FIRE COMPANY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009**

FEDERAL AGENCY/ PROGRAM TITLE	CFDA NUMBER	GRANT/ PROJECT NUMBER	GRANT PERIOD FROM TO	TOTAL GRANT AWARD	ACCRUED (DEFERRED) REVENUE DECEMBER 31, 2008	CASH/ ASSISTANCE RECEIVED DURING YEAR	ACCRUED (DEFERRED) REVENUE DECEMBER 31, 2009	TOTAL REVENUE RECOGNIZED	TOTAL FEDERAL EXPENDITURES
DIRECT ASSISTANCE									
DEPARTMENT OF HOMELAND SECURITY									
U.S. Fire Administration									
2009 Assistance to Firefighters Operations & Safety Program	97.044	EMW-2008-FG-01256	1/3/09 1/29/10	\$ 112,816	\$ -	\$ 96,808	\$ -	\$ 96,808	\$ 96,808
						96,808		96,808	96,808
PASS-THROUGH AWARDS									
DEPARTMENT OF HOMELAND SECURITY									
Passed through State Department of Military Affairs									
Emergency Disaster - Public Assistance Grants (Hurricane Gustav)	97.036	FEMA DR-1786-LA	Project Completion	\$ 34,508	31,057	31,057	-	-	-
Emergency Disaster - Public Assistance Grants (Hurricane Ike)	97.036	FEMA DR-1792-LA	Project Completion	\$ 6,529	4,897	6,529	-	1,632	1,632
					35,954	37,586	-	1,632	1,632
TOTAL FEDERAL ASSISTANCE					\$ 35,954	\$ 134,394	\$ -	\$ 98,440	\$ 98,440

NOTES TO SCHEDULE:

This Schedule of Expenditures of Federal Awards includes the federal grant activity of the Avondale Volunteer Fire Company and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

COMPLIANCE SECTION

Paul C. Rivera, CPA

(504) 371-4390

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the President and Board of
Avondale Volunteer Fire Company, Inc. (AVF)
Avondale, Louisiana

I have audited the accompanying financial statements of the governmental activities and each major fund (i.e., the General Fund) of Avondale Volunteer Fire Company, Inc. ("AVF"), a non-profit entity d/b/a Fire Protection District No. 7 of Jefferson Parish - Avondale Division, as of and for the year ended December 31, 2009, which collectively comprise AVF's basic financial statements, and have issued my report thereon dated April 17, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered AVF's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AVF's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of AVF's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects AVF's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of AVF's financial statements that is more than inconsequential will not be prevented or detected by AVF's internal control. I consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by AVF's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, I believe that none of the significant deficiencies described in the accompanying schedule of findings are considered material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether AVF's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

AVF's responses to the findings in our audit is described in the accompanying schedule of findings. I did not audit AVF's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information and use of AVF's management, the Louisiana Legislative Auditor, all applicable Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, the report is distributed by the Legislative Auditor as a public document.



April 17, 2010

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
D/B/A
FIRE PROTECTION DISTRICT No. 7 OF JEFFERSON PARISH
AVONDALE DIVISION

SCHEDULE OF FINDINGS
For the Year Ended December 31, 2009

I have audited the financial statements of the Avondale Volunteer Fire Company, Inc. (AVF) as of and for the year ended December 31, 2009, and have issued my report thereon dated April 17, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2009 resulted in an unqualified opinion.

SECTION I - SUMMARY OF AUDITOR'S REPORTS

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Significant Deficiencies: 09-01 and 09-02.

No Material Weaknesses were noted.

Compliance:

No instances of noncompliance material to the financial statements were noted

B. Federal Awards - not applicable

C. Identification of Major Programs - not applicable

SECTION II - FINANCIAL STATEMENT FINDINGS

09-01 - End of Year Journal Entries

Condition and Criteria

Journal entries were required as part of the audit for financial statement misstatements related to accrued revenues, accrued payables, and fixed assets. Generally accepted auditing standards now consider year-end adjusting entries prepared by the auditor to be a significant deficiency in internal control.

Cause

Recently issued Statement on Auditing Standards (SAS) 112 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting control deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical. AVF has relied on its auditor to identify and correct such financial statement misstatements.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
D/B/A
FIRE PROTECTION DISTRICT No. 7 OF JEFFERSON PARISH
AVONDALE DIVISION**

**SCHEDULE OF FINDINGS
For the Year Ended December 31, 2009**

Recommendation

As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 112. In this case, we do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, I do not believe any corrective action is necessary.

Management's Response

AVF's staff is familiar with the day-to-day accounting requirements, however, due to limited staffing and funding, AVF does not consider it practical to provide sufficient training to its staff in order to eliminate this condition and can only continue to rely on the auditor for these corrections at this time.

09-02 - Preparation of Financial Statements by Auditor

Condition and Criteria

AVF does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principle. As is common in small organizations, AVF has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles.

Cause

Recently issued Statement of Auditing Standards (SAS) 112 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation

As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 112. In this case, we do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, I do not believe any corrective action is necessary.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
D/B/A
FIRE PROTECTION DISTRICT No. 7 OF JEFFERSON PARISH
AVONDALE DIVISION**

**SCHEDULE OF FINDINGS
For the Year Ended December 31, 2009**

Management's Response

AVF's staff is familiar with the day-to-day accounting requirements, however, due to limited staffing and funding, AVF does not consider it practical to provide sufficient training to its staff in order to eliminate this condition and can only continue to rely on the auditor to prepare the financial statements at this time.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not Applicable

SECTION IV - STATUS OF PRIOR YEAR FINDINGS

Not Applicable

(END)
